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## Modern HR For Dummies®, Oracle Special Edition

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Some of the people who helped bring this book to market include the following:

**Contributors:** Valerie Kennon, Larry Miller,  
Michelle Newell, David Turcotte

**Development Editor:** Elizabeth Kuball

**Project Editor:** Elizabeth Kuball

**Acquisitions Editor:** Katie Mohr

**Editorial Manager:** Rev Mengle

**Business Development  
Representative:** Karen Hattan

**Project Coordinator:**  
Melissa Cossell

# Introduction



**T**he 21st-century economy is service driven. Companies that win today are focused on two things: taking care of their employees and taking care of their customers.

Winning and keeping loyal and engaged individuals, either as employees or customers, is a challenge. By 2020, five generations will work side-by-side in a workplace that is shaped by cloud computing and social media. McKinsey & Company projects a shortage of 30 to 40 million college-educated workers.

In a marketplace where employees have so many career options, you have to fight to keep the best people working for you. So, how do you address talent shortages and engage your employees and customers? In this talent-centric corporate landscape, where business insight and social tools are essential, modern HR needs to refocus its strategies around the employee experience: HR leaders need modern technology to be successful.

## About This Book

*Modern HR For Dummies* explores today's talent management challenges and the new "people function" of modern HR. It explains how to enable the future of human capital management (HCM) with the right processes, technologies, and partners in your enterprise!

## ***Foolish Assumptions***

It has been said that most assumptions have outlived their usefulness, but I assume a few things nonetheless: First, I assume that you know something about HCM. As such, this book is written primarily for executives and managers in an HR function, such as chief human resource officers (CHROs) and other talent management professionals. Next, I assume that you're interested in technology solutions that can help you manage — and lead — a modern HR transformation in your organization.

If these assumptions fit you, keep reading. If not, keep reading anyway — I'll change your mind and make you a modern HR advocate in six short chapters!

## ***Icons Used in This Book***

Throughout this book, you see icons calling out important information. Here's what to expect:



This icon points out information that may well be worth committing to memory.



Thank you for reading, hope you enjoy the book, please take care of your writers! This icon points out helpful suggestions and useful information.

## ***Beyond the Book***

You can learn more about modern HR and the Oracle HCM Cloud at [www.oracle.com/hcm](http://www.oracle.com/hcm).

## Chapter 1

# What Is Modern HR?

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### *In This Chapter*

- ▶ Defining modern HR
  - ▶ Implementing a “talent-centric” strategy
  - ▶ Looking to the cloud for agility and speed
  - ▶ Analyzing the metrics that count
- 

**C**ompetition for talent is increasing, skills shortages are worsening, and social-recruiting tools are making it easier than ever for workers to change jobs. To address these challenges, human resources leaders must align their human capital management (HCM) and data and talent strategies in order to create great employee experiences that serve their customers and business best.

In this chapter, you learn what modern HR is all about and how to build a solid foundation for modern HR in your organization.

### *Winner Takes All*

Many executives define their customer experience strategies as an effort designed to earn their clients over and over again. In today's talent-centric corporate

landscape, HR could use a similar focus: How can we help our employees choose our company again and again?

After all, the winning products and services that make a company successful in the marketplace are the direct result of employees' knowledge, skills, and capabilities. To maintain that success, HR should be doing everything possible to ensure that when an employee leaves the office Friday night, she comes back Monday morning refreshed and excited, instead of looking for work with a competitor.

Working with IT, HR executives have delivered significant advances to standard processes over the years — payroll, time tracking, and mandatory compliance training have all benefited from automation and self-service. However, those processes reflect a baseline of operations that defines an era based on HR transactions — they're today's "table stakes." These improvements have addressed the basic needs of the department and the workforce and served the business well.

But to build a rich culture that extends beyond the employee's basic needs, HR must engage in an ongoing conversation that promotes a vision of the future to employees, instead of simply reinforcing the strategies of the past. What can we offer to employees to give them new ways to engage with the company?

To refocus HR on the employee experience, we need to move beyond transactions to address four important business needs: a talent-centric view of the workforce, tools and policies that encourage collaboration, applications that are engaging and mobile, and the insights that management needs to predict the business impact of HR efforts.



Modern HR is

- ✔ **Talent-centric:** Finding, hiring, and developing the best people in line with your business strategy. Leveraging new 21st-century business best practices that touch on work-life balance and wellness to increase the overall employee experience. Providing the tools that support the turning of sourcing, talent review, and succession planning on their heads.
- ✔ **Social and collaborative:** Building a collaborative culture that drives better communication between people, better productivity across teams, and increased knowledge sharing across departments.
- ✔ **Insightful:** Delivering business insights to every department, from answering complex workforce questions and forecasting performance and risks to empowering leaders to make smart decisions in real-time to meet their goals.
- ✔ **Mobile and engaging:** Giving employees access to HR applications that are relevant, personalized, and accessible on the devices of their choice so they can be more mobile, more productive, and more satisfied.

## ***Focusing on Critical Talent Needs***

In 1997, McKinsey & Company coined the term *the war for talent* to describe the increasingly competitive corporate landscape for recruiting and retaining talented employees.

Today, a strong talent-centric strategy may be the most important focus for organizations. A talent-centric organization recruits, retains, and develops the right talent at the right price at the right time, to meet rapidly changing customer needs. The right employees adapt to solve problems and recognize opportunities, which are important skills in today's dynamic business environment.

The notion of hiring and retaining talented employees for organizational sustainability and competitive advantage is not a new concept. But organizations can't have a "talent-centric" strategy without up-to-date collaboration tools, HR analytics, and mobile technologies to help them pursue, attract, hire, and retain the best talent.

## ***Agility and Speed Trump Scale***

Enter Modern HR in the cloud. It gives employees access to HR apps that are relevant, personalized, social, and accessible on the devices of their choice. And it provides the insight executives and managers need to make the right decisions and provide the optimal employee experience.

The cloud can help make modern HR more flexible and responsive in support of the business. "As the world becomes increasingly unpredictable, organizations that can adapt to changing business conditions will outperform the competition," Accenture researchers note. "HR will reshape itself so that the function becomes the critical driver of agility."

Cloud-based HR applications can support agility in several ways. For example, the cloud vendor is usually in a position to refresh technology more frequently, compared to in-house IT staff. With traditional on-site technology, an application is typically upgraded every two to three years. With the cloud, on the other hand, “the vendor may provide three updates a year, plus patches,” says Cara Capretta, vice president of Oracle’s Human Capital Management Transformation Practice. And from HR’s perspective, “those happen instantaneously, and you don’t have to do all the planning and work to do the upgrade. That’s a big change from the past.”

In some cloud arrangements, HR can add new functions and applications on an as-needed basis. A company may want to use only recruiting tools, but later need to add, say, compensation or talent-review tools: That’s a fairly simple change when a provider has a comprehensive set of HR capabilities. Over time, HR’s choices from a cloud vendor may also include newer emerging technologies, because the vendor is in the business of keeping up with technology and in a position to weave it into its cloud offerings. Altogether, these factors make it easier for HR to use technology to drive innovation and reshape itself into an enabler of business agility.

## ***Recognizing the Power of Big Data***

Modern HR functions add new content, transactions, interactions, and data. It’s essential that modern systems be designed from the ground up to take advantage of the new insights that this new traffic generates.

By committing to deliver on the employee experience, HR must identify and extract the data points that really influence a person's decision to stay at a job. What makes him a high performer? What behaviors are more likely to lead to promotion? How big should an employee's bonus be? Who is at risk of leaving — and what preventive action can managers take to convince them to stay?


These are the kinds of predictive analytics that a modern HR system can deliver. Think of it as an early warning system where all this information can come together and be analyzed by HR. Then it can be shared with managers to help address or offset risk, allowing managers to take actions that will, in the long run, keep high performers happy at their jobs.

## Chapter 2

# The New People Function



### *In This Chapter*

- ▶ Delivering bottom-line value
  - ▶ Succeeding through collaboration
  - ▶ Keeping the door open for top performers
  - ▶ Developing your social skills
  - ▶ Keeping traditional HR processes running smoothly
- 

**C**HROs hear the voices loud and clear: They must evolve to become strategic business forces within their enterprise. But what does that really mean?

The answer is deceptively simple: CHROs must help their company increase sales and create new sources of revenue — now and forever.

CHROs should help all employees generate more value. Oracle's chief executive officer (CEO), Larry Ellison, asserts that the modern HR department's efforts to find the right people, retain them, and help them grow professionally is essential for business success. "Engineers are very important in terms of building the products. But who finds the engineers?" Ellison asks. "Customer service people are very important. Who trains the

customer service people? In a modern company, HR takes on this expanded responsibility for team building and enabling teamwork. I can't think of anything . . . that's more important than that."

So, how does HR translate this mandate into an actual revenue-driving plan? It requires creative thinking and a fundamental change in HR activities. This chapter presents several ways for CHROs to get the money ball rolling.

## ***Compete to Win***

Business competition is tougher than ever, and a gap is growing between market leaders — Amazon and Facebook, for example — and their closest competitors. The same force is at work in the talent market: Top talent delivers a bigger payoff than their less-skilled peers.

To help their organizations defend or improve market position, today's top CHROs embrace (and encourage) the competitive instinct needed to deliver bottom-line value. They help senior management uncover market advantages in the mountains of data their departments routinely gather.

For example, the CHRO's team can analyze enterprise information to identify the people and processes creating essential value for the company. Armed with that information, the HR leadership team can set a short-term strategy to secure or develop the talent needed to maintain or expand these activities. That way, HR can anticipate where the next labor shortage may be and act preemptively to avoid business disruption.

## *Capitalize on Collaboration*

For collaboration to deliver value, it must integrate with business processes and encourage tangible results across a dispersed, diverse workforce. Most essential work today is not attributable to a single staff member; it takes a team to succeed.

HCM strategies should be built to do two things:

- ✔ **Encourage collaboration as a business value.** Teams with talent from multiple disciplines are essential to ensure that when new business opportunities or challenges arise, they're fully addressed by line-of-business people, the IT department, sales, customer service, and any other relevant group. The right HCM strategy can put all these resources in place so they're ready to act on new revenue opportunities.
- ✔ **Capitalize on collaboration to improve HR operations.** Wikis, social media, and other collaboration tools help HR staff members understand the needs of employees and also give them self-service tools that reduce routine inquiries that can drain HR resources.

## *Welcome Back Exceptional Talent*

Innovative organizations attract a steady flow of talent into the fold. But some top performers leave to chase new opportunities. Some alumni will leave your talent pool forever, but some former employees may seek a return engagement.

CHROs with an eye for increasing revenue will direct their staff to welcome back former employees — particularly to fill open positions in sales and engineering. The insight, training, and relationships former employees have gained during their time away may help management capitalize on new opportunities and avoid nasty missteps. Plus, you know they were good enough to hire once and you have the benefit of knowing some of their strengths and weaknesses when they come back through your door.

## ***Embrace Social***

Smart CHROs know that the social media phenomenon is not a trend that organizations other than their own have to contend with — it's an essential business reality that permeates the whole business.

According to Corporate Executive Board (CEB) Research, the modern enterprise is increasingly dependent on collaboration within and among groups and geographies to deliver value. Based on CEB's High Performance Survey of more than 20,000 participants, 60 percent of respondents reported 10 or more people involved in day-to-day work, and half of these reported 20 or more. Additionally, 57 percent of respondents reported collaborating with people outside of their department or function, and 63 percent reported collaborating across different locations. Roughly two-thirds of respondents also reported collaborating with different job levels and teams.

These developments support a role for HR in architecting the future of how work gets done. But CHROs can take a lesson from their peers who have been on the front line of social media adoption. For example, executives in marketing and customer experience use social



media for sentiment analysis, directing customer feedback into the departments that need it most. Top CHROs apply the same processes to the workforce, sampling workforce sentiment via internal and external social networks, to understand what helps employees succeed — and what holds them back.

## ***Don't Neglect Core Processes***

Becoming more strategic and revenue oriented doesn't mean that traditional HR processes are no longer important. Keep this vital area running smoothly by assigning an expert with a zero-defect, Six Sigma mindset to apply continuous improvement principles to HR processes. This ensures that HR will remain efficient and cost-effective. Then hire transformative reinvention specialists to help you constantly look for new ways to challenge business assumptions and generate new revenue for the company.



Playing an active role in generating more value for the enterprise isn't something forward-looking CHROs can avoid. The choice is clear: Today's CHROs must decide between remaining in a back office that runs traditional HR services or becoming a key player in modernizing people-powered processes.



## Chapter 3

# Bringing Marketing into HR

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### *In This Chapter*

- ▶ Partnering with your marketing gurus
  - ▶ Asking (and answering) the right questions
  - ▶ Transforming HR with the perfect quant
- .....

**I**n this chapter, you discover how your marketing peers can help you drive continuous improvement and how to ensure you're looking beyond the data and asking the right questions.

## *HR Leaders Thinking Like Marketers*

It's no secret that CHROs are playing more strategic roles within enterprises. Executives in the C-suite are working to grow the business in the midst of economic volatility and increasing pressure to attract and retain high-quality talent. But the competition for all-star performers is intense, and traditional job sites and employee referral programs are quickly becoming as irrelevant as your local video rental stores.

So how can CHROs better serve the business needs of their organizations and win the battle for top talent? For a growing number of CHROs, the answer is simple: Think like a chief marketing officer (CMO).

CMOs have a lot to teach CHROs in today's digitally empowered, socially networked world. At a fundamental level, CMOs can demonstrate the value of gaining a deeper understanding of a target audience. CHROs must know their employees as well as marketers know their customers. Without in-depth knowledge, HR people can't fully engage and communicate with — let alone hire — the talent required to help their organizations grow.

What does it take for forward-thinking HR organizations to adopt modern digital-marketing techniques? Four elements are key:

- ✓ The ability to segment talent into clearly defined groups according to skills, experience, and preferences
- ✓ A framework for successfully syndicating and distributing content tailored to the needs and interests of individual groups of professionals
- ✓ Tools for monitoring the effectiveness of communications for employees and prospects
- ✓ Internal processes for making continuous, on-the-fly improvements to the HR service delivery approach

Fortunately, CHROs have help. Not only can they apply emerging digital marketing practices to their operations, but innovative technologies are making it easier to gain deeper insights about top talent and distribute

targeted content to these individuals. And they have access to a C-suite peer who can help them put this all to work in HR, to the benefit of the entire company.

## ***Content is king***

Consider the process of recruiting new talent. Referrals from existing employees carry great weight in efforts to identify potential new hires. But many people tune out shotgun announcements, even when there's a monetary incentive to promote new jobs, because only a small subset of employees may have connections to relevant candidates in their personal and professional circles.

If the HR staff properly profiles existing high-performing employees — based not only on performance but also on their influence in social networks and professional communities — it will become easier to connect with outside individuals with similar skills. Based on these professional profiles, the recruiting staff can market opportunities via targeted messages designed to intrigue and resonate with candidates, even those not actively seeking new opportunities. Such messages can be sent to a select group of employees to forward directly via email or social media posts, thus avoiding the shortcomings of traditional employer referral programs that blast requests to everyone in the enterprise.

This approach — one that takes a page from the modern digital marketing playbook — sends key individuals within the organization no more than one or two targeted requests a month. The bottom line: CHROs match each career opportunity with the right audience.

## *A three-step action plan*

CHROs can successfully incorporate innovative marketing practices into their HR organizations by following these three steps:

- ✓ **Develop a strong business case.** First and foremost, the effort shouldn't look like an attempt to be trendy and glom onto shiny new digital products. In today's bottom-line world, every new initiative must be supported by a strong business case, so be sure to link HR marketing efforts to C-level desires to hire all-stars. For example, show how digital marketing techniques will uncover high performers who can launch a new division in a growing market, in contrast to stalwart staffers who will support the operation once it's up and running.
- ✓ **Forge closer collaboration with the marketing department.** It's not enough for CHROs to understand the value of digital marketing techniques; they also need marketing expertise to help implement their strategy. This will require a strong commitment from the C-suite to ensure that experienced and creative marketing pros cycle in for rotations in the HR department, instead of giving junior marketers a chance for on-the-job training. This is another reason it's essential to build a solid business case showing positive outcomes from a C-level perspective.
- ✓ **Take advantage of the latest technologies.** Several innovative solutions are now available to infuse marketing strategies into the HR department. For example, the Oracle Cloud social sourcing solution provides a syndication and

distribution engine for promoting new job opportunities to internal and external candidates. It enables managers to send tailored emails to specific individuals, based on their roles in the organization. With one click, they can either apply for the opening or refer it to peers on LinkedIn, Twitter, Facebook, and other social networks. Then, if any of these contacts applies for that role, the solution will automatically track the response back to the referring employee.

## ***Continuous improvements***

With the right digital marketing practices, expertise, and innovative solutions, CHROs can create a continuous feedback loop for finding, recruiting, and hiring top talent. When new hires are onboard, HR managers can track whether the quality of new hires rises, hiring costs drop, and the time required to acquire talent shrinks. Those are performance metrics right out of the CMO's playbook — metrics that the modern CHRO will certainly learn to love.

## ***The Evolving Role of Data in the People Function***

Too many people confuse reporting with analytics and underinvest in making sure they're asking the right questions.

Standard-issue reports about monthly employee turnover rates and average compensation per employee are important glances in the rearview mirror. But today's savviest CHROs don't spend time obsessing over such reports.

Instead, they're looking for ways to go beyond analyzing the data they expect. They seek real insight. They want to uncover what they don't know. They want to discover those elusive flashes that management can use to hone the organization's competitive edge. They want to create value for customers and shareholders alike.

As highlighted in a recent Economist Intelligence Unit report titled "In search of insight and foresight: Getting more out of big data," predictive analytics were most valued by the 373 global executives surveyed. The main drivers for return on investment (ROI) on analytics investments were found to be the quality of the questions being asked and the availability of talent to look for the right business challenges to solve.

Going beyond the expected is essential to the practice of analytics and is the fundamental difference between true analytics and reporting. But most HR departments today don't have people with the right skills to dig deep into the data and uncover hidden insight.

Known as data scientists or quants, these whizzes can be intimidating to more-traditional CHROs and HR leadership teams, because they don't think or speak in traditional HR terms. Nevertheless, their innate curiosity, business knowledge, and supreme skills in finding insights or "signals" in data make them masters of uncovering new strategies for reaching core business goals. In short, they're the ones asking and answering the question behind the question behind the question.

Here's a hypothetical: An HR quant may probe the depths of data about what attracts high-performing sales talent in a particular industry and, conversely, what causes these overachievers to leave a company. Using predictive models, this data scientist may



identify areas in which an investment of \$500,000 could cultivate new talent capable of increasing revenues by \$10 million in the coming year. When you start initiating discussions like this, don't be surprised if the chief financial officer (CFO) says to you and your quant, "You'd better be able to back this up — but in the meantime, let's hear what you have to say."

Some HR applications today provide excellent and easy-to-use functionality that can predict turnover and performance and even model different scenarios to gauge the impact of different actions on predicted outcomes. This functionality can be deployed on mobile devices, requires no training, and delivers unprecedented decision support to frontline leaders, but it should be viewed as just the start.

With the right data wizard and a reliable foundation of human-generated information, CHROs will be on solid ground and well on the way to turning the HR department into a strategic business asset. The critical distinction is that the scope of inquiry should not be limited to traditional HR systems and data. More value can be created when other sources of human-generated data — including location data, activity data, sensor data, financial data, unstructured sentiment analysis, and many more — are in the mix. Although many of these pose potential HR compliance questions, they're too valuable to dismiss and should be considered possible sources of insight.

# ***Finding the Perfect Quant to Help Transform HR***

What makes quants so intimidating? They exhibit a unique combination of traits that are rare in any single person. They have a deep and innate curiosity about data, probabilities, and mathematical modeling.

They're also fired by a passion for business. Even more surprising, perhaps: They welcome the opportunity to collaborate with HR leaders to develop and answer the questions that will help the business grow.

Data scientists aren't necessarily the people CHROs already employ to create standard monthly reports. Data scientists perform vastly different roles. They're much more focused on asking "how" and "why" questions than on carrying out typical reporting functions. The same people who provide reporting on core processes and talent reviews may not be the ones who can identify the specific actions needed to elevate the quality of talent in an organization.

So, where do you find these endlessly curious, business-focused data geniuses? If you track some HR quants' careers, you'll likely find résumés that weave in and out of various business functions. These people may have spent time in finance, developing analytical skills. Then they may have moved to product development and gained a deep understanding of target customers. The latest stop is quite likely the marketing department, because CMOs have hungered in recent years for the right mix of data and analysis to enhance the customer experience and predict and influence human behavior. Who better to satisfy that appetite than a quant?

With the help of a quant, CHROs can continue to evolve their roles to meet today's new realities. Oracle chief communications officer (CCO) Bob Evans sees a similar transformation occurring among chief information officers (CIOs). "CIOs have never had such a glorious — and challenging — opportunity to deliver significant, enduring, and transformational business impact and customer value as they do today," he writes. But he also warns that IT leaders who measure their success by server uptime and service-level agreement (SLA) enforcement "should consider swapping out the CIO title for a new one: senior director of infrastructure."

The same is true for CHROs. If they don't find a quant to help HR ask the question behind the question behind the question, they may soon be changing the title on their business cards, too.



# Chapter 4

## Taking the Next Step

### *In This Chapter*

- ▶ Assessing your organization
- ▶ Identifying key stakeholders
- ▶ Calculating return on investment
- ▶ Making important assumptions
- ▶ Planning your project

**T**his chapter helps you plot a course for your HR transformation.

### *Finding the Opportunity*

To help you determine where to begin your HR transformation, look for a lever that connects HR to strategic corporate differentiators.

Here are some typical ways that the opportunity to transform, implement, and fund investment for modern HR presents itself:

- ✓ **The flaming pain point:** When something is evidently broken and everyone around the management table knows it

- ✓ **Proactive benchmarking:** Either through third-party research or looking at typical peer companies in the same industry or geographical area (for example, looking at how your various HR processes compare to other best-in-class companies)
- ✓ **Strategic alignment:** Looking at the key strategic big bets of the business and determining whether there is a gap between the people functions or capabilities that exist today and what is needed to deliver on those key bets in the future

## *Getting Closer to the Customer*

Increasingly, HR organizations need to better understand the value creation process with customers. How does the organization broadly deliver value to its customers? What are the people-powered processes across the company that contribute to the value creation process? And is the process incremental? For example, do 17 different people each do one part to build a widget and, when that widget is done, is it then worth \$100? Or is it the interaction with the customer that adds value?

Organizations are realizing that the business isn't much without its people. Having well-aligned talent is one of the only sources of sustainable competitive advantage. In many industries, understanding the value creation process and the value creation mechanism for every human-powered process in the company is the key to getting that alignment right.

## ***Framing the Business Case***

With an understanding of how value is created in your business processes, you can start to frame a business case in terms of pain points, cost savings, and/or opportunities to grow the business.

Traditionally, a common source of funding and investment for HR transformation has been from the HR budget itself.



Most HR transformation initiatives can achieve a 15 percent to 20 percent sustainable cost savings through transformation, but, increasingly, companies are realizing that they can have a much bigger impact if they think about funding sources more broadly — in terms of the impact people functions can have on all those human-powered processes and the entire workforce.

As you make your business case, clearly point to the pain points you're addressing, the opportunity that you're going after, the tie-back to the corporate strategy, and the linkage to be able to execute that strategy. Consider funding sources both within HR and across the broader enterprise, with a return on investment (ROI) that's driven not just by cost savings, but also by efficiency and effectiveness gains across the entire workforce.

## ***Making Key Big Bets***

Making key big bets for your HR transformation is about investing in the two or three key areas that are going to have the biggest impact on the overall enterprise, and making incremental improvements to thankless HR tasks — the table stakes.

The most common area where organizations are making big bets today are the HR disciplines that tend to have the tightest linkage to revenue growth: talent acquisition and talent management. Research shows that being world-class in talent acquisition and talent management creates a bigger differentiator than being world-class in payroll, for example. You don't have to be world-class in payroll, you just have to be compliant — it's a pass or fail activity. When we get paid on time and accurately, we don't call HR and say, "That was awesome!" Big bets are not pass or fail. An example of a big bet may be to reinvent recruitment across the company, by creating a modern global and social recruitment organization capable of creating talent pipelines for the 20 most important roles to growing the business in 2015–2016.

## *Setting Priorities*

It's important to set the right priorities, not just in terms of the most important activities, but also in terms of time-to-value. Be mindful of the tradeoff between scope, quality, and speed.



Time-to-value can be just as important in building momentum as creating a broader scope of work that takes more time to implement.

For example, if you're rolling out a new analytics capability, it may take a year to roll out a complete solution. But you may also be able to provide some interesting business insights that your organization may find helpful after just a few months. In such a case, it's better to show that value upfront, instead of waiting for the complete solution.




## Chapter 5

# Enabling the New People Function with Technology



### *In This Chapter*

- ▶ Making your move to the cloud
  - ▶ Going mobile
  - ▶ Getting social
  - ▶ Differentiating between reporting and analytics
- 

**I**n this chapter, you learn how technology enables modern HR in the enterprise.

### *The Journey to the Cloud*

In business software today, cloud-based solutions are all the rage. Cloud-based business applications, or software as a service (SaaS), have been around for more than a decade, but there have never been more options for customers. There are solutions in the cloud for almost any area of business need, from customer relationship management (CRM) to human capital management (HCM) to supply chain. The number of vendors with SaaS offerings has grown dramatically, with

thousands of small as well as large software companies selling cloud-based solutions.

The promise of the cloud can be very enticing. Letting someone else host and manage the solution spares you the expense and burden of having to staff your own internal IT resources. According to CedarCrestone's 2013 HR Systems Survey, a SaaS solution requires 75 percent less staff to support than an on-site solution. Additionally, with many solutions, you can subscribe and pay "by the drink," only paying for the amount of the service you need and increasing or decreasing your subscription as your business changes. Plus, as discussed in Chapter 1, you're also always on the latest version of the software, never having to worry about upgrades, backward compatibility, or upgrading your hardware to support the latest version. Everything is managed and supported for you, just like your telecommunications or utilities.

However, the move to the cloud understandably generates a number of questions and concerns, such as

- ✓ How do I know my data is secure with the vendor I choose?
- ✓ Will cloud solutions integrate and work with my existing applications and IT infrastructure?
- ✓ How can I make sure I'm getting the maximum return on investment (ROI)?
- ✓ Is it better to go with a single vendor or piece together best-of-breed solutions?

Many, if not all, of these concerns can be addressed by selecting the right solution from the right provider. Selecting a SaaS solution from a vendor with robust and complete cloud capabilities is crucial when moving to the cloud. Here are some critical things to look for when evaluating solutions and their providers:

- ✓ A clear picture of the vendor's security model and hosting capabilities, which includes the following:
  - Physical security of the data center
  - Network security that will block hackers and malicious parties
  - Application security that ensures your data and information is separate from that of other users
- ✓ The integration capability of the solution. Well-developed solutions have very well-defined interfaces that allow you to
  - Easily and quickly pull information out of and push information into that of other solutions
  - Use web services such as representational state transfer (REST) and Simple Object Access Protocol (SOAP) to allow information to be easily callable via well-known web standards
- ✓ Quick, fast, and easy implementation.
- ✓ Flexibility and the ability to be configured to accommodate the special needs of your business without expensive customizations or waiting for a future release.
- ✓ A broad but deep solution. Just as you aren't likely to hire one gardener to mow the lawn, another to edge, and another to clean up after the first two are done, you want one vendor who can provide a complete service.
- ✓ Not having to manage multiple logins, store data across different solutions, and navigate different support models.

So, while the leap to the cloud can be daunting, the benefits are compelling and selecting the right partner (see Chapter 6) with the right solution can make the difference between achieving your business goals and a painful crash landing.

## ***HR on the Go***

Today's job candidates and employees are accustomed to a new consumer-driven culture where they have a voice, are connected, and can get things done when and where they want. Everywhere you look, people are tapping away on smartphones and tablets. And it's not just about texting friends or posting Facebook status updates. Mobile technology — both the accessibility and the attention paid to delivering a simple, user-centric experience — has changed the way we communicate.

This trend has spilled over into the workplace. In a 2013 Avanade “Work Redesigned” study, 61 percent of companies report that most employees use personal computing devices at work. Although most employees are still using phones and tablets for basic tasks such as reading email and managing their calendars, more than a third of companies say employees use the devices for advanced tasks such as customer relationship management (CRM), project management, content creation, and data analysis.

Modern HR leaders are tapping into this trend, enabling their employees to access HR applications on their smartphones and tablets for everything from basic self-service tasks that used to require assistance from HR — such as updating personal data or reviewing benefits — to more complex tasks such as analyzing headcount reports and reviewing employee performance data.



The CedarCrestone 2013 HR Systems Survey notes that mobile-enabled process adoption grew 67 percent in 2013 and was expected to double again in 2014. Mobile access to your HR application is no longer a “nice-to-have” — it’s a must!

## ***Social Is HR's Business***

Social recruitment is a good place to start for CHROs looking to leverage social media to affect the bottom line. Companies that use social media as part of their recruitment efforts typically see decreased time to hire and decreased onboarding time needed to reach productivity. But that’s not the only area where social can play a role in HR processes — collaboration and social “listening” are also important.

The ever-increasing presence of the workforce on social media presents opportunities as well as risks for organizations. On the one hand, we read about social media embarrassments happening to organizations. On the other, we see that social media activities by workers and candidates can enhance a company’s brand and provide insight into individuals who are — or can become — influencers in the social media sphere.

HR can play a key role in helping organizations get the most value out of the social media activities and presence of workers and candidates, while at the same time helping to manage the risks that come with the permanence and viral nature of social media.

## Getting to know a candidate without being creepy

Today there are more than 238 million LinkedIn members, Facebook has more than 700 million daily active users, and Twitter users send over 400 million tweets per day. There's no question, social media is now mainstream.

Naturally, recruiters will want to tap into these rich data sources when searching for a new candidate. But candidate information gained through social media must be handled with care. Not all candidates view their social media participation as work related, and there are boundaries you can cross that will alienate potential candidates. Here are some tips to help you get to know a candidate without being creepy:

**Clearly understand your objective.** Why are you utilizing social media to learn more about your candidate? What is the appropriate medium to meet that objective? Are you looking to understand a candidate's background or writing style, or are you assessing his cultural fit? The answer to these questions can lead you down slightly different social media paths. Having a clear objective will also ring true in the ears of candidates when they ask, "Why did you look at my profile?"

**Understand the context.** What social media is applicable to your company and/or the role you're recruiting for? Match this to the social media you're accessing to learn about your candidate. If you're researching candidates for a top

marketing role, you probably want to understand the various tools they use to speak with customers today, and in this case, tapping into multiple social media sites makes sense. On the other hand, you may find the Facebook page of a chemical engineer not at all relevant to the role you're considering her for.

**Consider your candidates' social media footprint.** Just because you've found a candidate's LinkedIn profile doesn't mean he's an active user or even understands the current privacy settings — some LinkedIn users may not even know you can see their profiles! On the flip side, subject matter experts on Twitter may expect that you've seen their various social media contributions. Tread carefully with candidates that have a small social media footprint.

**Ease into the social media conversation.** When you speak with candidates, particularly when you're reaching for inactive candidates, ease into the social media conversation to feel out their views on how much information you should know about them. You'll gain much more insight into your candidates by gaining their trust first, as opposed to diving into a question they may view as off-putting at best.

**Default to the Golden Rule.** When in doubt, do unto others as you would have others do unto you. This simple rule is always a good default position. Put yourself in their shoes. If you're still uncertain, ask colleagues or friends their opinion. Proceed carefully rather than risk alienating the perfect candidate you took the time to research.

## ***Data-Driven HR: Beyond Reporting to Analytics***

Although people often use the terms interchangeably, *reporting* is not the same as *analytics*. Reporting helps us see what's happening in the business, while analytics help us understand why it's happening so that we can come up with actionable insights, recommendations, strategies, and next steps.

CHROs clearly understand that they need metrics. The problem isn't understanding that data is important — it's in being able to ask the right questions to move the business forward. A look in the rearview mirror to see where we've been (how many high performers did we lose last quarter, for example) is not where CHROs need to focus attention. Instead, they need predictive capabilities that help them create true competitive advantage. With analytics, CHROs gain insights that simple reports can't generate, enabling them to anticipate and address issues before they even occur.



## Chapter 6

# Choosing the Right Partner

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### *In This Chapter*

- ▶ Working with a complete solutions provider
  - ▶ Finding the right fit
  - ▶ Maintaining your competitive edge
  - ▶ Leading the way
- 

**C**hoosing the right partner for your modern HR initiative is critical. In this chapter, you learn about several key characteristics to look for in a partner.

### *Corporate Capability Footprint*

Working with many disparate, or one-off, solutions can cause integration problems, additional complexity, and ongoing costs for organizations. Such solutions can also cause a loss of agility in the HR function, because they limit the ability of HR to adapt quickly to changing needs in the business.



There are many HR solutions on the market today. When considering a partner, look for a company that has a broad portfolio of capabilities to support your organization's complete HR needs. Working with "one-off" solutions can create information silos and cause integration problems.

Another important consideration is the viability and vibrancy of your partner. Look at your partner's track record in the industry. In the era of pervasive mergers and acquisitions, you're more likely to have stable partners if you're dealing with companies that have very large market capitalizations. Is your partner a buyer of technology companies, or is it potentially an acquisition target?

## ***Product Fit with New Processes***

It's also important that the solution you implement is compatible with new and existing business processes. You shouldn't have to redesign your company's processes to fit a particular solution. Instead, seek out a solution that is flexible and powerful enough to meet your needs.

Another element of product fit is the completeness of the product offerings, and the global and industry footprint of your partner. Global footprint doesn't just mean the ability of the product to work in 30 different languages. It's about having multiple data centers in different geographies and regions. Some "global" solutions simply provide blank templates for you to configure from scratch. A true global solution provides a

preconfigured, legally compliant employment document that you can leverage “out of the box” after changing maybe two or three fields, instead of having to create 30 new fields.



Partners with a limited offering may push for one process as the best solution, to mask the fact that their solution isn't flexible. Don't let them tell you they can't meet your process requirements but that it's okay because they have a better way to do it for you.

## ***Track Record of Innovation***

To maintain a competitive advantage, you need to work with a partner that has a history of innovation. Look for a partner with a track record of success with organizations similar to your own. Then talk with those customers. Learn from their experiences to help you make the best decision.

Also, look for a track record of innovation beyond the scope of HR technology, because that can be indicative of future capabilities. Is your partner a market leader in setting technology standards? Is it in various technology product categories? In the public cloud space, look for innovation not just from first-generation cloud offerings, but also the completeness of the cloud solution. Does your partner have software as a service (SaaS), platform as a service (PaaS), or data as a service (DaaS)?

## ***Thought Leadership***

Finally, work with a partner that is known throughout the industry for its leadership. Such a partner builds alliances with others in the industry to not only deliver innovative products, but also to guide and inform future trends to advance the practice of modern HR.

Expect and look for thought leadership from your partner in the areas of HR, as well as technology. The solution and the product are parts of what you're getting in a partnership.

A great delivery ecosystem of partners is also important. Look for a partner with a technology ecosystem that can work well with open standards and work well with others.

## Chapter 7

# Ten Trends Driving Modern HR

### *In This Chapter*

- ▶ Keeping up to date with HR
- ▶ Knowing the latest HR trends

**B**usinesses need talented people — motivated, knowledgeable, high-performing employees — in order to thrive. That's always been true, but never more than now, as many CEOs view their workforce as the big differentiator in today's highly competitive business environment. **Remember:** In today's service-driven economy, you can't put your customer first if your employees aren't also first.

This raises pressing questions for corporate leaders:

- ✔ Do their companies have the talent and skills they need to grow and innovate?
- ✔ Do they have the human resources capabilities — the systems, applications, cloud services, and internal processes — required to get the most out of the employees they do have and the new ones they seek to bring onboard?

In most cases, the answers to those questions are “no,” and CEOs are turning to their CHROs to come up with new strategies for developing, attracting, and retaining their human capital. They’re looking to replace outdated HR practices and infrastructure with modern HCM capabilities.

This chapter presents ten key trends driving modern HR.

## ***Business Growth Often Requires Fresh Talent***

According to the PricewaterhouseCoopers (PwC) 2014 U.S. CEO Survey, 89 percent of CEOs in the United States expect their companies to deliver revenue growth over the next 12 months. During that same period, 62 percent expect to hire more people. See the correlation? Business growth and workforce growth often go hand in hand, which means that the future of business is shaping up to be a renewed battle for talent.

## ***The Skills Gap Is Branching Out and Getting More Complex***

We already know that certain job skills are hard to find, but changing workforce demographics, such as retiring baby boomers, could make it even harder for employers to find the talent they need. In some countries, the working-age populations are declining. This helps explain why 70 percent of CEOs are concerned about the availability of key skills, according to PwC. A new generation of workers will help fill the gap(s), but these younger employees have very different expectations

about careers, collaboration, loyalty, and the tools they use to get things done. It also means that employers will have to get better at matching job requirements and skills availability across geographies.

## ***Organizations Must Improve at Talent and Performance Management***

The key to closing the skills gap is talent management — the ability to attract people with the right experience and skills. But that's not where it stops. Performance management is the art and science of maximizing employee contributions through systematic feedback, goal setting, rewards, and, where necessary, corrective measures. Done right, companies can achieve as much as a 30 percent improvement in employee performance, says Brian Kropp, managing director of the CEB's Corporate Leadership Council. Many organizations have room to improve in both areas.

## ***Employee Experience Impacts Customer Experience***

We've all heard about the critical importance of providing a great customer experience. Now, amid the global competition for talent, the employee experience has become every bit as vital. HCM and customer service have emerged as the two most important business apps of the 21st century, Oracle CEO Larry Ellison says. That's because they both involve taking care of people — and employees are the ones who take care of your customers.

## ***Collaboration Is a Force Multiplier***

What lies beyond personal productivity? Kropp sees “network performance” — the degree to which employees work together, share, and help one another — as the bigger driver of business performance. His formula:

$$\text{Individual Task Performance} + \text{Network Performance} = \text{Enterprise Contribution}$$

Larry Ellison says, “Most jobs are bigger than can be done by one person.” Modern HCM puts a premium on this way of working and provides the capabilities to support it.

## ***New Tech Tools Are Required***

Despite a new generation of cloud-based HCM capabilities, many businesses are still using yesterday’s HR systems and apps. Only 4 percent of HR departments are on the latest release of their HR platforms, according to PwC. That’s obviously out of sync with the business imperative to optimize the workforce and attract new talent.

## ***Social Is the New Paradigm for Human Capital Management***

As CHROs and CIOs look for ways to modernize HR capabilities, they should gravitate toward solutions that employees already know and love: social apps. Modern HCM systems, by definition, are meant to be used by everyone in the company, not just HR specialists.



And social isn't just a capability; it's a mindset — a way of collaborating that can raise enterprise performance. Modern HCM must also be mobile and cloud-based — a phenomenon called the “consumerization of HR.”

## ***HCM Has Become a Data-Intensive, Data-Driven Business Discipline***

A comprehensive HCM strategy tends to involve lots of data — data about employees, data by employees, and data for employees. “The systems should provide lots and lots of actionable insights to everybody who uses them,” says Larry Ellison. Thus, one goal of HCM transformation must be to manage all that data in a way that can be shared with other parts of the enterprise, providing better visibility into business performance. There may very well be an HCM component to your company's Big Data planning and implementation.

## ***HCM Is Selfish — In a Good Way***

Many employees have a more comprehensive profile on LinkedIn than they do in their corporate HR system. That must change. With modern HCM, employees are encouraged to provide more information about themselves to support networking, collaboration, and career development. Cara Capretta, Oracle VP of HCM Transformation, says talent profiles can be mined by the business as a way of discovering and capitalizing on its people assets. The concept of the “quantified

self,” where data about employee activity is generated by wearable technologies, takes this a step further. Think, for example, about the possibilities of a collaboration map of the workplace.

## ***The Robots Are Coming***

Predictions of a future in which digital technologies displace human skills are no longer mere science fiction. Check out *The Second Machine Age*, a book by MIT professors Erik Brynjolfsson and Andrew McAfee, to get a sense of the dramatic changes in the workplace that are coming in the form of digital disruption and automation. This trend means that certain human skills, such as curiosity and an ability to visualize data, will become more valuable, writes *New York Times* columnist David Brooks. This should be a wake-up call to businesses that are still doing old-style HR because change may be coming faster than they realize.

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**Bertrand Dussert** is Vice President of Human Capital Transformation for Oracle, and has advised HR leaders at more than a third of the Fortune 100.



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